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C O N F I D E N T I A L SECTION 01 OF 02 ABIDJAN 000234

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SUBJECT: CHINESE INFLUENCE IN COTE D'IVOIRE - AN UPDATE

REF: STATE 024937

Classified By: EconChief EMassinga, Reasons 1.4 (d)

¶1. (SBU) Summary. China plays a passive role in the political scene in Cote d'Ivoire, and typically proffers the rhetoric of non-interference in national affairs with regards to the Ivorian political crisis. China is not a supplier of military hardware or training to either faction. China is not a major aid donor, either bilaterally or multilaterally, but has built several high-profile projects around the country. On the energy front, Chinese firms are not major players, but one large firm in which a Chinese company has a major stake could be a serious producer here should seismic studies underway pan out. China is a significant exporter to Cote d'Ivoire, rivaling the U.S. in overall exports, but lagging substantially behind the E.U. The U.S. and China could potentially expand humanitarian cooperation via our engagement with international NGOs and multilateral institutions and China's penchant for building infrastructure. Politically, China can and should be drawn into the international community's efforts to bring peace to a greater degree. End Summary.

#### Diplomatic, Political and Military Activities

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¶2. (C) China plays a discrete role on the political front, particularly in the context of the ongoing political crisis and division of the country. China is not a contributor to UNOCI, nor does it participate in high-level UNOCI meetings such as the International Working Group. China does, however, wield its influence on the UNSC, where it consistently expresses its oft-heard insistence on non-interference in a country's internal affairs. Most recently China has stood with Russia to block consideration of sanctions against several prominent Ivorians identified by UNOCI (supported by France and others) as impediments to peace. China also stood with Russia in our position against an overly expansive formulation for UNSCR 1721 during the late October 2006 debate on renewing the U.N.'s mandate. Aside from its role in New York, Beijing is not a visible player on the scene.

¶3. (C) To the best of Post's knowledge, China respects the the arms embargo and does not provide either side of the conflict military equipment or training. China does not maintain meaningful cooperation with Cote d'Ivoire.

#### Aid

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¶4. (SBU) According to the Government of Cote d'Ivoire's statistical research arm BNET, which compiles and publishes an annual report on bilateral development assistance, China is a very small donor in Cote d'Ivoire. China is not a major contributor via multilateral mechanisms either. However, China has provided Cote d'Ivoire a number of buildings and roads as gifts, contributions which are not counted as official development assistance. China has built the enormous and impressive new Cultural Palace in Abidjan and

the new Parliamentary Office building in Yamoussoukro, and is financing the new Presidential Palace and Parliament there. China built the main national road between Abidjan and the western port of San Pedro, and the wide, well-lit boulevards in Grand Lahou and Yamassoukro. In the field of democratization and rule of law, China is not known to be active.

#### Energy

15. (SBU) China's state-owned energy firm Sinopec is a 27% owner of VANCO-Cote d'Ivoire. Vanco is a major independent producer of oil and gas in the African continent. VANCO-Cote d'Ivoire produces little oil currently, but has two large offshore blocks with potentially large deposits; a major detailed seismic survey of the contiguous areas is scheduled to begin early in 2007. The blocks cover one area of potential deposits close to the Canadian firm CNR's Babobab Field, which was recently brought on stream and currently produces more than half of Cote d'Ivoire's oil. Post has seen press reports of interest by Chinese firms in building a new gas turbine for electricity generation, but this notional plan does not appear to be in the active planning stage.

#### Trade

16. (SBU) As of 2005, according to WTO statistics, China was Cote d'Ivoire's fourth largest trading partner, accounting for 3.2 percent of the latter's total imports, just behind the U.S., which had 3.5 percent. This stands in contrast with trade with the European Union, which has more than 50 percent of both Ivorian imports and exports. Chinese firms export shoes, textiles, apparel, electronics, consumer goods and auto parts. Cote d'Ivoire exports to China are mainly

ABIDJAN 00000234 002 OF 002

foodstuffs.

#### Areas for Cooperation

17. (SBU) The U.S. and China could potentially cooperate fruitfully in the humanitarian field, particularly if we can encourage China to work with the multilateral institutions and partners with whom we engage closely. China's ability to build infrastructure could be twinned with the capacity building and service delivery expertise of international institutions that deliver health, nutrition, education and other services. If Demobilization Disarmament and Reintegration (DDR) programs proceed, China could be approached to upgrade and expand the infrastructure of the bases where DDR activities will be based. Similarly, as PEPFAR expands its presence, in partnership with competent partners, in the North, China could be engaged to provide the upgraded infrastructure a currently weak healthcare system will need.

18. (C) On the political front, China should be engaged to play a more constructive role. China has greater political influence here than it currently uses. Should it be willing to work more closely with the international community's efforts, the latter's message will be clearer and its weight more telling.

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